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Arizona Corporation Commission

ARIZONA CORPORATION COMMISSION
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| IN THE MATTER OF THE APPLICATION |) | DOCKET NO. E-04204A-08-0341 |
| OF UNS ELECTRIC, INC. FOR APPROVAL |) | |
| OF ITS DEMAND-SIDE MANAGEMENT |) | UNS ELECTRIC, INC.'S REPLY TO |
| COMPACT FLUORESCENT LAMP |) | MARSHALL MAGRUDER'S |
| BUYDOWN PROGRAM. |) | RESPONSE TO THE UNS |
| |) | ELECTRIC REPORT |
| |) | CONCERNING AN ALTERNATIVE |
| |) | CFL COUPON PROGRAM AND |
| |) | CFL DSM PROGRAM |
| |) | APPLICATION |

UNS Electric, Inc. ("UNS Electric" or the "Company") hereby replies to "The UNS Electric Report Concerning An Alternative CFL Coupon Program and CLF DSM Program Application" filed by Mr. Magruder ("Magruder") with the Arizona Corporation Commission ("Commission") on June 17, 2009.

I. BACKGROUND

On July 3, 2008, the Company filed, in Docket No. E-04204A-08-0341, an Application for the implementation of a compact florescent lamp ("CFL") program as part of its Demand-Side Management ("DSM") Program. Magruder participated in the docket and advocated, among other things, that the CFL program should be administered through a coupon program, rather than the "buy-down" approach as presented in the Company's application. In Decision No. 70556 (October 23, 2008), the Commission approved the CFL Program submitted by the Company. The Commission requested that the Company file a compliance report to address some of the matters raised by Magruder, including the use of a coupon method (the "Original Proposed CFL Coupon

1 Program"). On May 12, 2009, the Company filed the compliance report as ordered by the
2 Commission. This filing has been reviewed by Commission Staff prior to this submission.

3 Although the CFL program was new to the Company, its affiliate, Tucson Electric Power
4 ("TEP"), had already implemented a similar program. TEP's CFL program was approved by the
5 Commission in Decision No. 70383 (June 13, 2008). The TEP CFL program was very successful,
6 even during the initial ramp-up of the program. The success of this program in increasing
7 customer demand for CFLs in such a short period of time quickly exhausted TEP's budget for the
8 CFL program. Due to the experience of TEP, UNS Electric requested Commission authority to
9 increase the budget for its CFL program. Commission Staff has recommended approval for the
10 Company's application for increased funding.

11 12 **II. ARGUMENT**

13 Magruder's filing simply rehashes the objections and arguments he made previously and
14 which were rejected by the Commission in Decision No. 70556. In addition to his failed
15 arguments, Magruder weaves erroneous or undocumented facts and figures into his pleading.
16 Further, Magruder focuses his comments solely on UNS Electric's system in Southern Arizona and
17 ignores UNS Electric's system in Northern Arizona.

18 Each DSM Program, including the CFL program approved by the Commission, requires
19 the utility to provide third-party Measurement, Evaluation and Research ("MER"). For the CFL
20 program, this third-party analysis will look at leakage rates and cost-effectiveness as well as
21 process changes that might improve the existing program. Summit Blue Consulting will be
22 providing the ongoing MER analysis for all Company DSM Programs. In addition to this MER
23 process, the Company hired ECOS Consulting, Inc. ("ECOS") to evaluate, analyze and suggest
24 recommendations to the Company regarding the Original Proposed CFL Coupon Program
25 approach. ECOS implements CFL Lighting programs to numerous utilities around the country.
26 ECOS's conclusions, including that the buy-down method was superior to the coupon method,
27 were incorporated into the Company's May 12, 2009 Compliance filing. The ECOS report, which

1 contains cites to studies completed by the Department of Energy, Cornell University, Idaho Power
2 Company, and The Conservation Bureau, supplied supporting documentation and corroborating
3 evidence for the UNS Electric Compliance filing of May 12, 2009.

4 It is noteworthy that even after using undocumented data and correcting values in the
5 analysis to support his assumptions, Magruder concludes that there is little if any difference in
6 offering a CFL Coupon Program instead of a CFL Buy-Down Program. Yet, in stark contrast to
7 ECOS' conclusions, Magruder vigorously argues for the adoption of his method. Accordingly, the
8 Company seriously doubts there is any possibility that it can provide additional comparison or any
9 further details that would be satisfactory to Magruder. The Company is in the process of
10 evaluating a number of other programs for customers and all additional time and resources spent to
11 defend a program that has already been approved simply delays progress to implement new
12 programs.

13
14 **III. CONCLUSION**

15 WHEREFORE, UNS Electric respectfully requests that the Commission allow the
16 Company to continue with the CFL Buy-Down Program approved on October 23, 2008 by
17 Decision No. 70556.

18 RESPECTFULLY SUBMITTED this 22nd day of June 2009.

19 UNS ELECTRIC, INC.

20
21 By 

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Original and 13 copies of the foregoing
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